

FISCAL NOTE

Bill #: SB0477

Title: Allow volunteer firefighters an additional income tax exemption of \$3,000

Primary Sponsor: Harrington, D

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Revenue:

General Fund

\$(215,000)

\$(215,000)

Net Impact on General Fund Balance:

\$(215,000)

\$(215,000)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill is effective on passage and approval, and applies to tax years beginning after December 31, 2002.
2. Under this bill a volunteer firefighter that is in "active" status, is not compensated for services as a firefighter, and who completes a minimum of 30 hours of training during the year, would be allowed to exclude \$3,000 from income for individual income tax purposes.
3. There are 7,877 volunteer firefighters in Montana; of these, 2,655 are on "Active" status (Public Employees Retirement Division).
4. Each of the active status volunteer firefighters would claim the exemption beginning with tax year 2003. The total exclusion claimed would be \$7,965,000 (\$3,000 X 2,655 firefighters). Of the total exclusion claimed, 90% would be used to reduce taxable incomes by \$7,168,500 (this assumes that some of these taxpayers will be in a zero taxable income situation before the exclusion provided for in this bill).
5. The average effective tax rate of the taxpayers receiving this exclusion is 3%.
6. The above assumptions result in a reduction in general fund revenue of \$215,000 annually (\$7,168,500 X 3%).
7. There are no administrative impacts from this bill on the Department of Revenue.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

No impact.

LONG-RANGE IMPACTS:

Revenues would be reduced by about \$215,000 in each year after the 2005 biennium.